

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 SSO-00 CCO-00 NSCE-00

SPC-03 AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15

STR-08 OMB-01 CEA-02 COME-00 L-03 /112 R

DRAFTED BY EB/IFD/OIA:MKENNEDY

APPROVED BY EB/IFD/OIA:MKENNEDY

E:JW BILLER

OPIC:RPOATS (INFO)

CIEP:MR. STERNFELD (INFO)

S/S-O: P. SARROS

----- 073654

R 262331Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY WARSAW

AMEMBASSY NAIROBI

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TOECO 60

E.O. 11652: N/A

TAGS: EFIN

SUBJ: OPIC

TOECO NAIROBI FOR UNDER SECRETARY CASEY

NAIROBI FOR DEPUTY ASSISTANT SECRETARY WEINTRAUB

WARSAW FOR ASSISTANT SECRETARY ARMSTRONG

REF: STATE 191651

1. EB/IFD/OIA OFFICERS (KENNEDY, COURTNEY) CALLED ON JERRY LEVINSON TO DISCUSS CHURCH LETTER (REFTEL). LEVINSON CLAIMED THAT NO MEMBER OF THE SUBCOMMITTEE IS DISPOSED TO KEEP OPIC AS IT IS (OPTION A). ONE SENATOR APPARENTLY WANTS TO EXPLORE THE FEASIBILITY OF MANDATING LIMITED OFFICIAL USE

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A GREATER DEVELOPMENTAL EMPHASIS (OPTION B). ONE OR

MAYBE TWO" WANT TO TERMINATE THE PROGRAM ALTOGETHER (OPTION C). LEVINSON VIEWS SUBCOMMITTEE STAFF PROPOSAL (OPTION D) AS A MIDDLE GROUND, ELIMINATING AWKWARD JUDGMENTS ON COUNTRIES AND INVESTMENTS BY USG WHICH CAN LEAD TO UNDESIRABLE OVERSEAS INVOLVEMENTS. STAFF REPORT REJECTED EXPLICITLY THE RETENTION OF AN OPTION FOR OPIC PROGRAMS TO SERVE NATIONAL INTERESTS OTHER THAN STRICTLY DEVELOPMENTAL. HENCE, POLITICAL SUPPORT AND RAW MATERIALS ACQUISITION WERE NOT VIEWED AS ACCEPTABLE PURPOSES. EVINSON SAID THAT STAFF HAD DOUBTS AS TO WHETHER PRIVATE FOREIGN INVESTMENT ON BALANCE REALLY CONTRIBUTED TO LDC DEVELOPMENT. HE DESCRIBED REPORT AS QTE AGNOSTIC UNQTE ON THIS QUESTION. FURTHER QUESTION, THEREFORE, WAS WHETHER CONTINUING OPIC SERVED A PUBLIC PURPOSE.

2. LEVINSON SAID THAT THE SUBCOMMITTEE MEETING TUESDAY, WEDNESDAY AND POSSIBLY THURSDAY AFTERNOONS TO CONSIDER ITS DRAFT BILL ENTITLED QTE OPIC AMENDMENTS ACT UNQTE TO BE SUBMITTED TO FULL COMMITTEE IN FOLLOWING WEEK. IF APPROVED BY FULL COMMITTEE, BILL WOULD BE CONSIDERED BY HOUSE-SENATE CONFERENCE ON FAA IN WEEK OF OCTOBER 15-19.

3. OPIC PRESIDENT MAYS HAS SENT LETTER TO SENATOR CHURCH WITH DETAILED COMMENTS QTE ON POINTS WE REGARD AS SERIOUSLY IN ERROR UNQTE. LETTER STRESSED OPIC'S EFFORTS TO INITIATE EXPERIMENTAL PRIVATE-PUBLIC SYNDICATE FOR JOINT UNDERWRITING AND REINSURANCE AFTER CONGRESS PROVIDES LEGISLATIVE AUTHORITY. QTE INHERENTLY DIFFICULT NEGOTIATIONS TO PROCEED ON BASIS OF TRIAL, APPRAISAL AND FURTHER STEPS OVER NUMBER OF YEARS YET UNKNOWN UNQTE MAKE IT UNDESIRABLE TO QTE PREDETERMINE THIS PROCESS, SETTING TARGETS AND DEADLINES WHICH COULD NOT BE ACHIEVED UNQTE. IN SUMMARY, THE DRAFT PROPOSALS WOULD QTE NOT CONVERT OPIC INSURANCE TO PRIVATE PROGRAM BUT KILL IT... OPIC AND PRIVATE COMPANIES NEED PERIOD OF AT LEAST TWO YEARS FROM NEXT JULY FOR THE FIRST PHASE OF EXPERIMENT BEFORE ULTIMATE DECISIONS SHOULD BE REACHED...UNQTE.

4. OIA CONVENING STATE-AID MEETING THURSDAY MORNING TWENTY-SEVENTH TO PREPARE DRAFT REPLY TO BE SENT TO ADDRESSEES THIS TEL. WE HOPE TO BE ABLE TO REFLECT YOUR LIMITED OFFICIAL USE

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REACTIONS IN SECOND DRAFT TO BE CIRCULATED TO OPIC, CIEP AND OTHER CONCERNED AGENCIES FRIDAY AFTERNOON. TENTATIVE REACTION THUS FAR WITHIN OIA IS TO SUPPORT OPIC ON NEED FOR FURTHER TIME TO STUDY PRIVATIZATION, TO CONCUR WITH SUBCOMMITTEE ON NEED FOR MORE SPECIFIC FOCUS ON DEVELOPMENTAL GOALS BUT ALSO LEAVING ROOM FOR SERVICE TO OTHER U.S. NATIONAL INTERESTS, TO POINT OUT INCONSISTENCIES BETWEEN PRIVATIZATION OBJECTIVES, AND BETWEEN

PRIVATIZATION AND USG CONTROL OVER PRIVATE-PUBLIC
SYNDICATE, ALL QUESTIONS TO BE WORKED OUT. THIS SUGGESTS
CONTINUATION OF OPIC AS GOVERNMENTAL ENTITY FOR NEXT
TWO YEARS. RUSH

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